

**FILED**

DEC - 1 2010

**IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF TEXAS  
MIDLAND-ODESSA DIVISION**

**CLERK, U.S. DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
BY \_\_\_\_\_ DEPUTY CLERK**

**UNITED STATES OF AMERICA**

)

**VS.**

)

**NO. MO-10-CR- 336**

)

**ISMAEL ALVAREZ**

)

)

**FACTUAL BASIS FOR PLEA**

If the above-captioned case had proceeded to a jury trial, the Government would have proven the following beyond a reasonable doubt, and Defendant acknowledges the following facts are true:

Gray Wireline Service, Inc., ("Gray Wireline") is an engineering company that performs testing of oil and natural gas wells. When an engineer from Gray Wireline completes analysis of a well, the report is uploaded to a File Transfer Protocol (FTP)<sup>1</sup> server located in Ft. Worth, Texas. These reports are proprietary products from which Gray Wireline derives a portion of its commercial income.

On 09/01/2010, an unknown subject obtained unauthorized access into the Gray Wireline FTP server in Fort Worth, Texas. After traversing several of the subfolders within the FTP server, the subject proceeded to delete approximately 68 files on the FTP server to include many of the proprietary reports described above. After deleting the files, the subject created two new empty directories on the FTP server called "RENEGADE RULES" and "lololololololol". Renegade is a competitor of Gray Wireline. FTP server logs obtained from Gray Wireline identified the intruding subject as using IP address **74.195.82.187**.

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<sup>1</sup>An FTP server is a commonly-used software application which allows for the direct and efficient exchange of files over the Internet.

Gray Wireline has been able to recover most if not all of the files that were deleted on the Gray Wireline FTP server. As of 9/27/2010, however, Gray Wireline estimates that the company has had an approximate loss of \$16,600 attempting to correct and remedy the damages caused by the computer intrusion on 09/01/2010.

A search of a public database revealed that IP address **74.195.82.187** is owned/controlled by the Internet Service Provider ("ISP") Suddenlink Communications. In response to a subpoena, Suddenlink identified the subscriber for IP address **74.195.82.187** on 09/01/2010 as Ismael Alvarez of Andrews, Texas. Alvarez is a former employee of Gray Wireline. Alvarez started employment for Gray Wireline on 04/15/2003 and was terminated on 08/11/2010.


On 09/28/2010, Alvarez was interviewed by FBI agents at his home in Andrews. Alvarez admitted to agents that approximately one or two weeks after he was fired from Gray Wireline, he used the FTP FileZilla program, without permission, to create two folders on the Gray Wireline FTP server. Alvarez remembered one folder being labeled something similar to "Renegade Rules". After SA Mortensen showed Alvarez the second folder name as "lolololololol", he confirmed that he had created that folder as well. Alvarez admitted that he had also used the FileZilla program to delete files on the Gray Wireline FTP server. Alvarez was unable to recall all of the files he deleted on the computer, but remembered deleting all the files that were stored in the following folders: Andrews, Odessa, Levelland, and Denver City.

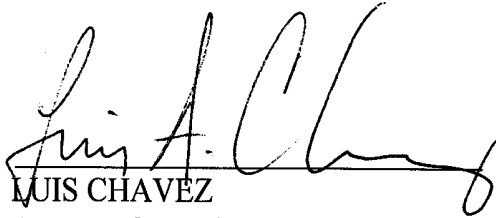
Alvarez was asked to write down how he deleted the files. Alvarez wrote: "Highlited [SIC] files in folders Right click delete".

When SA Mortensen asked Alvarez why he had deleted the files and created the two folders on the Gray Wireline FTP server, Alvarez said he was being "funny and stupid".

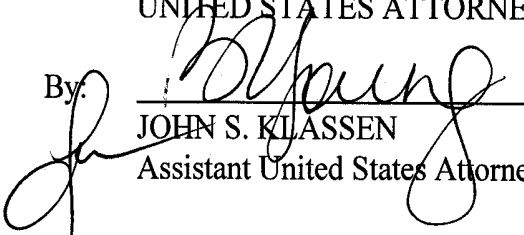
Alvarez told agents he had four computers at home. Alvarez told the interviewing agents that he used the computer in his bedroom to make the two folders and delete the files on the Gray Wireline FTP server.

Gray Wireline's computer network was used in, and affected, interstate commerce and communications.

  
ISMAEL ALVAREZ  
Defendant

  
LUIS CHAVEZ  
Attorney for Defendant

12/1/2010  
Date

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UNITED STATES ATTORNEY  
By:   
JOHN S. KLASSEN  
Assistant United States Attorney